

Message Text

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ACTION EB-08

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R 170830Z JAN 78
FM AMCONSUL PALERMO
TO SECSTATE WASHDC 475
AMEMBASSY ROME
INFO AMCONSUL NAPLES
AMCONSUL TURIN
AMEMBASSY WARSAW

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E.O. 11652: N/A
TAGS: EIND, ELAB, IT
SUBJECT: SICILFIAT: THE HALF-FULL GLASS

1. PERHAPS FOR REASSURANCE THAT THE SICILIAN GLASS IS NOT ALWAYS HALF-EMPTY, I SPENT SOME TIME JANUARY 13 VISITING THE EXPANDED FIAT PLANT (SICILFIAT) AT TERMINI IMERESE SOME THIRTY MILES EAST OF PALERMO. SICILFIAT IS CURRENTLY IN THE FINAL STAGES OF ITS LATEST EXPANSION AND NOW EMPLOYS SOME 2200 WORKERS, TURNING OUT 480 FIAT "126" MODELS PER DAY. BY 1979N PLANNED EXPANSION WILL BRING LABOR-LEVELS UP TO 3,000 AND DAILY "126" PRODUCTION UP TO 600. INDEED, BY 1979, ALL ITALIAN PRODUCTION OF THE FIAT "126" WILL BE CONCENTRATED AT TERMINI IMERESE. ALSO BY 1979, SICILFIAT WILL BEGIN ASSEMBLING A NEW MODEL NOW BEING DEVELOPED WHICH WILL USE THE CURRENT FIAT "127" ENGINE.

2. THE TERMINI PLANT IS ESSENTIALLY AN ASSEMBLY OPERATION WITH MAJOR, PRESSED-STEEL COMPONENTS ARRIVING FROM TURIN, THOUGH EFFORTS HAVE BEEN MADE
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TO MAXIMIZE USE OF COMPONENTS PRODUCED IN THE MEZZOGIORNO. ENGINES FOR THE "126," HOWEVER, ARE MANUFACTURED IN POLAND AS PAYMENT IN KIND FOR FIAT'S CONSTRUCTION OF THE POLSKI-FIAT PLANT. SICILFIAT'S MANAGING DIRECTOR TOLD ME THAT EARLY DELIVERIES OF POLISH-MANUFACTURED ENGINES CONTAINED CONSIDERABLE NUMBER OF DEFECTIVE UNITS, BUT THIS HAS BEEN SUBSTANTIALLY

REDUCED OVER TIME. MOREOVER, POLES MAINTAIN TWO ENGINEERS AT SICILFIAT ON FULL-TIME ASSIGNMENT TO FURTHER REDUCE DEFECTS.

3. SICILFIAT'S CURRENT PRIDE IS \$110 MILLION, FULLY-AUTOMATED FACILITY IN WHICH PRIMER PAINT IS APPLIED TO BODY SHELLS WITH IONIZED PAINT-DUST SPRAY. ALTHOUGH SIMILAR SYSTEM IS CURRENTLY USED BY JAPAN'S HONDA, SICILFIAT UNIT IS FIRST IN WORLD TO BE FULLY-AUTOMATED. DESIGNED BY FIAT, SYSTEM INCLUDES MAJOR COMPONENTS (SPRAY GUNS, COMPUTER CONTROLS) DEVELOPED BY OHIO'S DEVILBISS CORPORATION AS WELL AS FRENCH AND NORWEGIAN ELEMENTS. PAINT-DUST METHOD PERMITS NEAR-TOTAL RECUPERATION OF RESIDUES AND THE ELIMINATION OF POLLUTION PRODUCED BY WASTES IN OLDER TECHNIQUES.

4. THE AVERAGE SICILFIAT WORKER TAKES HOME LIRE 250-300 THOUSAND PER MONTH AND ENJOYS AN "ELITIST" REPUTATION IN AN ISLAND WITH LITTLE INDUSTRY AND HEAVY UNEMPLOYMENT. ACCORDING TO PLANT'S MANAGING DIRECTOR, FIAT HAS MADE SUBSTANTIAL COMMITMENT TO SICILFIAT NOT ONLY BECAUSE OF INCENTIVES OFFERED TO FAVOR INVESTMENT IN THE MEZZOGIORNO BUT ALSO BECAUSE SICILIAN WORKERS PROVED MORE PRODUCTIVE AND HAVE BEEN LESS GIVEN TO FORMS OF LABOR AGITATION WHICH HAVE TROUBLED FIAT PLANTS IN THE NORTH AND ELSEWHERE IN THE LIMITED OFFICIAL USE

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SOUTH, E.G., AT CASSINO. TO DATE, SICILFIAT HAS EXPERIENCED NO MAJOR PLANT SABOTAGE AND THERE HAVE BEEN NEITHER THREATS NOR ATTEMPTS AGAINST MANAGEMENT PERSONNEL. THE PLANT'S WORKERS ARE FULLY UNIONIZED, WITH ALL THREE METAL-MECHANICAL FEDERATIONS REPRESENTED. OF THESE, THE UILM (PSI-PSDI-PRI) NOW HAS THE "RELATIVE MAJORITY." SOME "AUTONOMIST" TRADE UNION ACTIVITY HAS ALSO DEVELOPED BUT HAS SO FAR BEEN KEPT AT THE MARGINS.

5. ABOVE IS NOT REPORTED TO SUGGEST THAT SICILIAN ECONOMY IS IN FLOURISHING STATE OR THAT VIRULENT LABOR PROBLEMS EXTANT ELSEWHERE WILL NOT EMERGE HERE. FACT REMAINS, HOWEVER, THAT UNDER RIGHT CONDITIONS, INDUSTRIALIZATION NEED NOT BE A DEAD-LETTER IN THE SOUTH.
COLLINS

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